



April 22, 2026

The Honorable Matt Haney  
California State Assembly  
1021 O Street, Suite 5740  
Sacramento, CA 95814

**RE: AB 1611 (Haney) - Capital gains and losses: single-family rental homes – As Amended April 20, 2026 - Oppose**

Dear Assembly Member Haney:

On behalf of the members of the listed organizations, we are writing to inform you that our organizations continue to oppose AB 1611, your bill that would, under both the Personal Income Tax Law and Corporation Tax Law, prohibit the application of these laws to the gain from the exchange of single-family residential rental real property in this state, as defined, if the taxpayer owns 50 or more single-family residential rental real properties at the time of the sale.

While the stated intent of AB 1611 is to stop large “Wall Street landlords” from investing in single family rentals in California, the bill’s current framework will likely result in unintended consequences that extend beyond its stated purpose. Wall Street landlords, or more accurately Real Estate Investment Trusts (REITS), are legal entities, specifically created to enable everyday people to pool their retirement savings to invest in large projects like rental property. These companies are made up of millions of individual people as well as public pension systems like CalPERS and CalSTRS that have invested on behalf of teachers and other public employees. AB 1611 will hurt millions of Californians by eliminating a tool that these retirement systems use to provide safe returns for individuals and families.

Historically, during the 2008 housing crash, institutional investment served to maintain - rather than remove - these homes from the housing supply. By purchasing and rehabilitating distressed properties, these entities helped return these homes to productive use as rental housing. In many communities, these investments helped ensure that homes were not abandoned or boarded up and instead expanded the availability of rental housing opportunities for California families.

Investors cannot be blamed for driving up the price of housing. Simply purchasing a home does not increase housing prices. The fundamental driver of housing costs in California is the chronic shortage of housing supply. California has underbuilt housing for decades, and that shortage—not the presence of rental investors—is what keeps housing prices high. More importantly, eliminating the ability to utilize a tax-deferred exchange (referred to as a 1031 exchange) for certain housing providers does nothing to increase the housing supply.

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AB 1611 focuses on a solution in search of a problem. It advances a compelling narrative with strong political optics. Unfortunately, the underlying premise does not reflect market realities. Institutional investors today hold a very small share of single-family housing in California—estimated at less than one percent of the total housing stock. Targeting such a small segment of the market will do nothing to improve housing affordability.

Penalizing the “exchange” of housing is not about expanding housing opportunities. Many owners elect to sell a single-family home to tenants or owner-occupants. Penalizing certain owners for engaging in otherwise lawful and mutually beneficial property transactions may inadvertently reduce these opportunities. Additionally, by discouraging exchanges, the bill would interfere with capital that moves to rehabilitate older housing. This will ultimately reduce investment in California housing rather than increase opportunities for homeownership. It will make California the only state in the nation to prohibit the tax incentive for real estate exchanges.

Finally, the bill certainly raises constitutional equal protection concerns. AB 1611 singles out property owners who hold 50 or more single-family rental homes and treats them differently under the tax code than other property owners engaged in the exact same activity. By targeting a narrow class of owners based solely on portfolio size—without evidence that these owners uniquely contribute to housing affordability challenges—the bill creates an arbitrary classification that invites legal scrutiny.

For the reasons listed above, we respectfully oppose AB 1611.



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**Indira McDonald**, KP Public Affairs  
On behalf of California Mortgage Bankers  
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cc: Assembly Revenue and Taxation Committee